

solicitations and contracts containing one of the following clauses—

- (1) FAR Section 52.245–2, Government Property (Fixed-Price Contracts);
- (2) FAR Section 52.245–5, Government Property (Cost Reimbursement, Time-and-Material, or Labor-Hour Contracts);
- (3) FAR Section 52.245–7, Government Property (Consolidated Facilities);
- (4) FAR Section 52.245–10, Government Property (Facilities Acquisition); or
- (5) FAR Section 52.245–11, Government Property (Facilities Use).

[59 FR 27674, May 27, 1994]

Subpart 245.6—Reporting, Redistribution, and Disposal of Contractor Inventory

245.601 Definitions.

- (1) *Controlled substances* means—
 - (i) Narcotic, depressant, stimulant, or hallucinogenic drug or substance;
 - (ii) Any other drug or substance controlled under Title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970; or
 - (iii) A drug or substance required to be controlled by international treaty, convention or protocol.
- (2) *Demilitarization* means the act of destroying the offensive or defensive characteristics of equipment or material to prevent its further military or lethal use.
- (3) *Production scrap* means material left over from the normal production process that has only remelting or reprocessing value, e.g., textile and metal clippings, borings, and faulty castings and forgings.
- (4) *Serviceable or usable property* means property that has a potential for use or sale value “as is” or with minor repairs or alterations; only property in Federal Condition Codes A1, A2, A4, A5, B1, B2, B4, B5, F7, or F8.

245.603 Disposal methods.

245.603–70 Contractor performance of plant clearance duties.

- (a) *Authorization*. (1) Contract administration offices (CAOs) may, with head of the contracting activity approval and contractor concurrence, authorize selected contractors to perform certain plant clearance functions if the volume

of plant clearance warrants performance by the contractor.

- (2) The written authorization shall, as a minimum—

- (i) Designate the contractor as an “accredited contractor”;
- (ii) Identify the plant clearance actions to be performed;
- (iii) State that the Government may cancel part of or all of the authorization to perform plant clearance actions; and

- (iv) Provide for plant clearance officer participation when required.

(b) *Government oversight and assistance*. (1) The contract administration office will ensure regular evaluation of the contractor’s performance of the plant clearance function and any corrective action required.

- (2) The plant clearance officer shall—

- (i) Evaluate the adequacy and ensure compliance with contractor procedures;

- (ii) Ensure discrepancies are promptly resolved;

- (iii) Advise the contractor of screening and inventory schedule requirements;

- (iv) Respond to contractor requests to withdraw Government-furnished property from inventory schedules;

- (v) Evaluate physical, quantitative, and technical allocability of contractor inventory prior to disposal using Standard Form 1423, Inventory Verification Survey, as a guide;

- (vi) Direct contractor to delay disposition of nonallocable inventory pending a contracting officer decision;

- (vii) With the contractor’s assistance, establish criteria for review and approval of selected contractor disposal decisions;

- (viii) Complete first endorsement section of DD Form 1640, Request for Plant Clearance, on referrals from plant clearance officers at prime contract administration offices for the disposal of subcontractor inventory; forward inventory schedules to the contractor for processing; and forward completed case file to the referring activity; and

- (ix) Work with the contractor, screeners, and buyers to ensure that the Government receives maximum reutilization and disposal proceeds.

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(c) *Accredited contractor plant clearance duties.* The accredited contractor shall—

(1) Ensure inventory schedule acceptability. Use DD Form 1637, Notice of Acceptance of Inventory, if desired;

(2) Suspend disposition of property when assets are determined non-allocable (FAR 45.606-3);

(3) Withdraw property from inventory schedules and notify the affected screening activities. Obtain plant clearance officer approval for withdrawal of Government furnished property from inventory schedules (FAR 45.606-4);

(4) Determine method of disposal under established priorities and document disposal decisions and actions;

(5) Assign the automatic release date and the surplus release date;

(6) Initiate prescribed screening and effect resulting transfers and donations;

(7) Account for disposal of all contractor inventory and application of proceeds and submit to the plant clearance officer a Standard Form 1424, Inventory Disposal Report, or equivalent;

(8) Maintain the donable file and release property to eligible donees (FAR 45.609);

(9) Prepare, approve, sign, and maintain official plant clearance files and required forms (245.7101);

(10) Not conduct noncompetitive sales of surplus contractor inventory; and

(11) Notify the plant clearance officer in advance when bidding on property.

[56 FR 36448, July 31, 1991, as amended at 56 FR 67220, Dec. 30, 1991]

245.603-71 Disposal of contractor inventory for NATO cooperative projects.

(a) North Atlantic Treaty Organization (NATO) cooperative project agreements may include disposal provisions of jointly acquired property without regard to any applicable disposal laws of the United States.

(b) Disposal of such property may include a transfer of the U.S. interest in the property to one of the other governments participating in the agreement, or the sale of the property.

(c) Payment for the transfer or sale of any U.S. interest shall be made in

accordance with the terms of the project agreement.

245.604 Restrictions on purchase or retention of contractor inventory.

(1) Contractors authorized to sell inventory may not knowingly sell the inventory to any person or that person's agent, employee, or household member if that person—

(i) Is a civilian employee of the DoD or the U.S. Coast Guard; or

(ii) Is a member of the armed forces of the United States, including the Coast Guard; and

(iii) Has any functional or supervisory responsibilities for or within the Defense Reutilization and Marketing Program, or for the disposal of contractor inventory.

(2)(i) A contractor's authority to approve a subcontractor's sale, purchase, or retention at less than cost, and the subcontractor's authority to sell, purchase, or retain at less than cost if approved by a higher-tier contractor, does not include authority to approve—

(A) A sale by a subcontractor to the next-higher tier contractor or to an affiliate of such contractor or of the subcontractor; or

(B) A sale, purchase, or retention at less than cost, by a subcontractor affiliated with the next higher-tier contractor.

(ii) The written approval of the plant clearance officer is required for each excluded sale, purchase, or retention at less than cost.

(3) *Demilitarization.* The contractor shall demilitarize contractor inventory possessing offensive or defense characteristics, and not required within the DoD, in accordance with Defense Demilitarization Manual, DoD 4160.21-M-1. In unusual cases the plant clearance officer may authorize the purchaser to perform the demilitarization; however, the purchaser shall not be granted such authorization if the inventory is dangerous.

(4) *Classified inventory.* Classified contractor inventory shall be disposed of in accordance with applicable security regulations or as directed by the contracting officer.

(5) *Dangerous inventory.* Contractor inventory dangerous to public health